"The Great Eastern Shipping Earnings Call on Declaration of the Financial Results for the Quarter-Ended September 30, 2017"

November 13, 2017

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Moderator: Good Evening Ladies and Gentlemen and Welcome to The Great Eastern Shipping Earnings Call on declaration of the Financial Results for the Quarter-Ended September 30, 2017. At this moment, all participant lines are in listen-only mode. Later, we will conduct a question and answer session. At that time, if you have a question please press '*' and 1. I now hand the conference over to Mr. G. Shivakumar – CFO at The Great Eastern Shipping Co. Ltd. to start the proceedings. Thank you and over to you, Sir.

G. Shivakumar: Thank you very much. Good Evening everyone and thank you for logging into this conference call to discuss our results for Q2 FY '-18 and to discuss our views on the market. I am sure all of you would have seen the results which came out on Friday and I am not going to go too much into them in the course of my commentary.However, I would be happy to take any questions that you may have or clarifications that you may need with regard to the numbers. Let us discuss, what has been happening in the markets and here when I refer to any quarters, Q1, Q2 or Q3, that is referring to calendar 2017 and 2016, respectively not the financial year quarters.

First of all, let us look at tankers and looking at the trade growth, Chinese imports have gone up by about a million barrels per day in the 9-month period and though it was slightly slower in Q3 at about 700,000 barrels per day, still a fairly strong number. One significant factor which has come out in the last couple of years is US exports of crude oil and they have been very strong. There are up about 300,000 barrels per day year on year. US product exports also are up about 600,000 barrels per day in the 9-month period though they came off a little bit in Q3 mainly due to Hurricane Harvey. US crude oil production is back to around the levels of 2015, it is up about 400,000 barrels per day from 2016 averages. The LPG trade has also been quite strong, US exports have grown about 27% in the 9-month period though again due to Hurricane Harvey, only about 8% in Q3. The problem has been really the fleet growth, which weighed down tanker freight markets. The crude tanker fleet has grown about 6% in the last 12-months. The product tanker fleet has grown almost 5% in the same period and the LPG fleet has grown by more than 10% in the same period, and therefore spot market TCYs have been very low. They are at their lowest levels since 2013-14 across the board, whether it is product tankers, crude tankers, or LPG carriers. As a result of this, the order book has stayed low at around 13% for crude tankers and 9% for product tankers.

Now coming to dry bulk, the main driver of dry bulk trade is steel production which has been quite robust. World steel production is up about 64 million metric tons in the 9-month period and of it China has contributed 34 million metric tons, so it is not just the China story. What is quite encouraging is that the rest of the world seems to be increasing steel production a bit as well. India also is up about 3 million metric tons (4%) in the 9-month period. World production is up about 5% in this 9-month period. As far as the coal trade goes, China was up 21 million metric tons of coal imports in the nine-month period. India was down about 12 million tons in the 9-month period, but importantly in the last quarter was flat and the negatives came in the first half of the calendar year, so generally the recent trend has been towards the strengthening of the trade and the strengthening of the spot market rates which we have seen in the BDI, which is at excess of 1500 points and Capesize rates are in excess of $20,000 per day. In dry bulk, the fleet growth has been quite muted, at around 2% to 2.5% and this is one of the most important factors which have helped the market to recover from the depths of 2016.

Spot markets here, like tankers, are back to the levels last seen in 2014. But here, they have not dropped to those levels, they have come back from lower levels back to 2014 levels.

With regard to our own Capex activity: in the last quarter we have purchased a 20-year-old medium gas carrier and an eight-year-old LR2 product tanker. We have no Capex pending as of date.

Coming to the offshore business, I think we had mentioned a couple of quarters ago that the pace of fall in global utilization has eased off. This is now zero and there are some faint signs of a positive movement in utilization levels. At least the mood is more positive with the upward move in oil prices in recent weeks. We do not know if it will sustain at $63-$65 per barrel range, but it certainly is a positive mode. We believe that if it sustains above $60 for a significant period of time then E&P budgets will come back, but it remains to be seen if it can stay at these levels. Typically, investment banks conduct an E&P survey with the oil companies in August-September and they had indicated that offshore E&P spending would be down in 2017 and possibly flat in 2018. This was based on an assumption of an oil price of around $55 per barrel. It remains to be seen whether this will change if the price remains above $60 for a period of time.

In our own company, we have got contract awards for two of our rigs. This is not included in the coverage that we mentioned in the press release that we put out on Friday. This happened late on Friday, so two of our rigs have got Letters of Award, for three years each. One of these is for the Chetna which has been offhire since the beginning of 2017 and the other is for the Chaaya which comes off contract early in 2018. Though the day rates for these contracts are much lower than the earlier rates, we are happy to get utilization in place at a positive EBITDA number and ride out the bad markets, and if markets and day rates recover over the next year or two, then we have rigs coming up for re-pricing next year and the year after that as well.

Now looking at asset values, in the quarter crude tanker values have dropped between 5% and 10%, while bulkers went up by about the same number, about 5% to 10%. LPG and product tankers have been more or less flat. Over the last 12 months, dry bulk carrier asset values have gone up between 25% and 40% depending on the vintage and crude tankers have dropped by about 25% to 30% in the same period. At the same time, product tankers have had a muted fall of about 5% to 10%. In offshore assets, there have been a few transactions in the modern rig space, however, the assets may not be strictly comparable and financing terms can also skew the prices a little. One thing which we can say with confidence is that the prices of modern rigs have dropped by at least 50% in the last three years and for vessels by a similar number or maybe even 60%. There are now some buyers who are looking to do bottom fishing and investment money is coming back into the markets, especially on the drilling side.

Our standalone NAV is about Rs. 344 per share and the consolidated NAV is between Rs. 350 per share and Rs. 420 per share. The valuation for the purpose of NAV is based on assets without charters, that is charter-free assets and since two of our rigs still have substantial periods of contracts remaining at above current market levels, and if this contract backlog is factored in, the NAV should be close to Rs. 400 per share level. This brings us to the end of our commentary on Q2 FY '18 and the market outlook. We are happy to answer any questions that you may have.

Moderator: Thank you very much, Sir. Ladies and Gentlemen, we will now begin with the question and answer session. We take the first question from the line of Ankur Shah from Quasar Capital. Please go ahead.

Ankur Shah: I have a limited understanding of this whole shipping industry, but I just wanted to know that how is scrapping going on right now because the freight rates are still low and the steel prices and metal prices have risen quite a lot, so does that mean that it will lead to a higher scrapping percentage and then eventually will lead to a lower supply?

G. Shivakumar: Typically, the main factor driving scrapping is freight rates, so if earnings are low for a sustained period of time, ships will get scrapped and this can happen irrespective of the scrap price. Again, it helps to have a higher scrap price, it is one of the factors, but it is sort of a subordinate factor.There has been scrapping, but there is not too much, dry bulk scrapping has been less than 2% in this period. Tanker scrapping also has been less than 2% in this year, so we need to see a period of pain in tankers before we have the scrapping. Dry bulk had a lot of scrapping in the first half of last year, if you recall, because the rates were very poor and the ships were running below operating costs. But at today's prices there is not much motivation to scrap a ship, even though scrap prices are high.

Moderator: Thank you. We take the next question from the line of Bhavin Ghandhi from B&K Securities. Please go ahead.

Bhavin Ghandhi: Sir, firstly can you share what is the spot exposure that we have on the shipping side now?

G. Shivakumar: This is one thing that I should have mentioned, we have a lot of our fleet running on the spot markets because the Time Charter rates are not remunerative enough for us to think of fixing our fleet, so on a one-year forward basis, we are less than 15% covered as of date.

Bhavin Ghandhi: This is broadly a reflection of the fact that you expect the rates to move up or it is just that you think that the Time Charters are not remunerative?

G. Shivakumar: A little bit of both. The first one is Time Charters are not high enough to compensate for giving up the optionality of the spot market. We look at Time Charters as a risk management exercise and if it is not providing you enough, we know what the low case is or we think we know what the worst case is. If you are not getting significantly above that then there is no point fixing on Time Charter, so it is a little bit of both. On some of our assets we are getting what we think is fair value and we will fix those out.

Bhavin Ghandhi: Second, just wanted to understand Sir, this quarter the tax rate has moved up significantly or specially the deferred tax, so any particular reason?

G. Shivakumar: This is with regard to, Transferring of rigs to India. There are two things, in Greatship's case, they received a dividend from their Singapore subsidiary on which there was a tax incidence. There is no income on a consolidated basis, but there is a tax. Secondly, the rigs have been sold by the Singapore subsidiary to the Indian company. Since this is taxable in India, we have a tax incidence.

Bhavin Ghandhi: Sir, do we pay full corporate tax on this because I thought?

G. Shivakumar: No, we pay MAT, we are assessed on MAT because the depreciation tax shield is very high, so corporate tax is negative actually but we have a requirement to pay MAT.

Bhavin Ghandhi: Just one final thing from my end, on the NAV, the 355 to 420, we are not taking any value of the contract, so just double checking on that?

G. Shivakumar: That is correct, it is on a charter free basis and I mentioned that if we take the values of contracts into account, it will be close to 400.

Moderator: Thank you. We take the next question from the line of Vikram Suryavanshi from PhillipCapital. Please go ahead.

Vikram Suryavanshi: Sir, if you look at TCY on the tanker side, particularly crude, we have done exceptionally well I guess compared to market, so are there any incomplete voyage revenue or what was basically the reason here?

G. Shivakumar: Now we have stopped having that issue of incomplete voyages. Under Ind-AS, we account on a percentage completion basis, so that kicker does not come in, the critical factor here is that we have a couple of vessels fixed on Time Charters from 2015. That rate is significantly higher than current markets.

Vikram Suryavanshi: Can we see that even in coming quarters?

G. Shivakumar: Yes, in the next quarter or two those contracts will end..

Vikram Suryavanshi: Sir, just your views on offshore side, when we say the NAV that we are talking about, like the asset prices which are almost like 50% to 60% drop from two to three years prices?

G. Shivakumar: That is right, at 350, the prices which are being taken are 60% lower than the peak values, that is why there is a range, so it is 350 to 420.

Moderator: Thank you. We take the next question from the line of Giriraj Daga from KM Vesaria Family Trust. Please go ahead.

Giriraj Daga: My question first is related to our offshore thing like we said the two rigs, Chetna and Chaaya, so we understand the Chetna got off-hired in the February somewhere, so what are the rates, we got rates similar to that what we deployed earlier or it was better?

G. Shivakumar: No, we have not got the rates at which the rig was deployed earlier., That rate was fixed in 2012-13, and unfortunately, the market has dropped significantly from there. We are probably 75% below those rates.

Giriraj Daga: Okay, and even the next Chaaya also, that was also deployed very earlier?

G. Shivakumar: Yes, that rate was fixed in 2012, at a much higher level than current rates. So , there is a similar drop.

Giriraj Daga: I was just looking at Delta on our offshore EBIT which will take time to reach the last year numbers, second quarter we did about 182 crores last year and this is half, so we should be just covering 20% to 25% from here, right?

G. Shivakumar: Can you elaborate please ?

Giriraj Daga: Last year 182 crores EBIT, this time it is 91 crores roughly, completely half, so we should be moving from 90 to may be about 110, 115 post this Chetna redeployment?

G. Shivakumar: The Chetna gets redeployed, but at the same time Chaaya come off.

Giriraj Daga: But you said Chaaya will also have got the order now?

G. Shivakumar: She has got an order at a much, much lower rate, sorry if I was not clear enough.

Giriraj Daga: So further pressure actually coming in and Chaaya is getting off-hired when, in early part of 2018 you said?

G. Shivakumar: That is correct.

Giriraj Daga: When we say first quarter or second quarter?

G. Shivakumar: First quarter.

Giriraj Daga: The impact will be seen in the first quarter of FY '19 orlast quarter FY'18?

G. Shivakumar: You will see it in the fourth quarter of FY '18 because she will come off contract and then she will spend some time doing the five yearly special survey before she goes onto the next contract.

Giriraj Daga: My second question is on the NAV what you mentioned, you mentioned 355 to 400 on a consolidated NAV?

G. Shivakumar: On a consolidated basis, valuing all Greatship assets also at market, 350 to 420.

Giriraj Daga: You have the number for standalone NAV?

G. Shivakumar: Yes, 344.

Giriraj Daga: Last time, I remember you mentioned about 375 for the consolidated NAV?

G. Shivakumar: That is correct, they widened the range a little bit, this is based on broker valuations, some transactions have happened at a lower level.

Giriraj Daga: I have the number like 331 for the standalone and 375 to 415 for the consolidated NAV?

G. Shivakumar: Yes, what has happened is that the broker valuations for the rigs, after some transactions have happened at a lower level, they give a range for the valuations and so they brought the lower end of the range down and the higher end is sort of unchanged, that is why consolidated NAV has come down

Giriraj Daga: Last thing, if you can help me with gross debt and net debt?

G. Shivakumar: The gross debt is about a billion dollar, so 6500 crores, and the net debt, we have about 4000 crores of cash in the group,is about 2500 to 2600 crores..

Moderator: Thank you. We take the next question from the line of Guarav Kochar, an Individual Investor. Please go ahead.

Guarav Kochar: Sir, I have few questions, one of which is when the ship capacity has gone up from 2.1 million DWT to around 4 million DWT in the last couple of years and the index has also gone up, Baltic Dry Index, dirty tanker as well as the clean tanker index slightly, but still that is not reflecting in our revenues, any specific reason for that?

G. Shivakumar: Couple of things, one is the Dry Index has gone up certainly, but I do not think that the Dirty Tanker and Clean Tanker Index have gone up from last year. Our spot earnings are much lower than they were this time last year, so earnings have actually dropped of significantly from last year for the tanker business. Dry bulk business has come up and you can see that in the TCYs that we give, but tanker rates are much lower than they were this time last year.

Guarav Kochar: Any re-pricing that has to be done on the outstanding contracts?

G. Shivakumar: Yes, there are couple of vessels I mentioned to one of the earlier participants that two of our crude tankers are fixed at a rate which was fixed in 2015, those will come off contracts next quarter, those will have to be re-priced and that could possibly be a little lower.

Guarav Kochar: Is it linked to the oil prices or it has nothing to do with the oil prices?

G. Shivakumar: Not really the oil prices, it is more an issue of supply and demand of ships.

Guarav Kochar: What is the status of the shipbuilding right now, has the situation improved over there?

G. Shivakumar: By improved do you mean that less yards are in existence or there are more orders going in?

Guarav Kochar: The shipbuilding constraint that existed earlier, that has improved slightly?

G. Shivakumar: It has improved a little bit, in the sense that there are less yards, so from our point of view that is good because that is less supply of new ships. The orders that have been placed in this year are also low, so only 2% to 3% of the fleet has been ordered this year. So that is good because incremental supply then gets restricted.

Guarav Kochar: Does that push the Baltic Dry Index up?

G. Shivakumar: No, it will have an impact for the future because, if you order a ship now you will get it in two years' time, so basically it gives you a little bit of a comfort that the market will be better in 2018, the market is not going to add to oversupply, so that comfort comes in.

Guarav Kochar: Lastly Sir, the standalone long-term debt I see has grown from 400 crores last year to around Rs. 1733 is it because of an expansion plans or the ones that we have already bought in, this is reflective of debt?

G. Shivakumar: This is the net debt. This is because of all the Capex that we did last year, we increased our fleet as you pointed out, we increased the fleet from 2.5 to 4 million deadweight.

Guarav Kochar: There is no other CAPEX which is planned?

G. Shivakumar: There is currently no other CAPEX in the pipeline, but if we get good vessels at attractive prices, we have the capability to go out and buy them.

Guarav Kochar: The two rigs that you mentioned for which the pricing is fixed for the next three years, will it be fixed or will it also be re-priced in a couple of quarters?

G. Shivakumar: No, those are fixed prices for three years.

Guarav Kochar: Even irrespective of where the prices move?

G. Shivakumar: Yes, absolutely.

Moderator: Thank you. We take the next question from the line of Himanshu Upadhayay from DHFL. Please go ahead.

Himanshu Upadhayay: I had two questions, one question was on this rig Chetna and Chaaya, so when would be their new charters starting from and what are the duration of these contracts again both are two ONGC only?

G. Shivakumar: I would not mention the name of the customer, but these are three-year contracts in India and Chetna is expected to go on hire from early January. Chaaya is expected to come off the current contract in may be Jan-Feb, then do her five-yearly special survey and by end of March or early April, go on to the new contract.

Himanshu Upadhayay: On rigs, so for last two to three years, we have been continuously stating that the forecasted Capex by the large companies is going to get reduced only, any first take for next year what are people saying on Capex side for the larger players globally on the oil exploration side, can you give some idea on that?

G. Shivakumar: The problem is, this is not a very transparent thing; one investment bank has said that this year also offshore CAPEX is dropping by 15%. They have said that overall oil CAPEX should be flat, but onshore will be positive and offshore will be negative in 2017. One other bank is saying this year is actually not a big negative, it is a marginal negative for offshore. Going forward, the bearish view is a small negative of 5% for 2018 and the more bullish view is flat to plus 5%. However, you must remember that these are spend amounts not number of assets, so just now look at a situation where you are re-pricing assets, let us say a deepwater rig which was working at $600,000 per day comes off contract and you get the same rig back, you do a tender you get the same rig back at probably $150,000 a day, that is $450,000 per day less in spending which was 150 plus million dollars, that will show the drop in E&P spend, however, the asset which is working is the same. There is no reduction in the number of assets working, and what we are interested in actually is the number of assets which are working because that is an indicator of utilization. We expect that a lot of the drop in E&P spend which may be this year also is due to price reduction rather than number of assets reduction. We do not think that there will be a drop in the number of assets working this year, so you still may get a lower spend amount.

Himanshu Upadhayay: But the utilization may improve for the industry?

G. Shivakumar: That is correct, which is the critical factor really.

Himanshu Upadhayay: I had one question on dry bulk side, the charter rates for us in the quarter, if we look at the spot market, it seems that the rates have been on the up move in the dry bulk, QOQ and all that stuff, but for us they have remained flattish to reduced only, I am talking more of, so any specific reasons in dry bulk why, YOY it did improve but QOQ it has reduced?

G. Shivakumar: It is not really indicative of what happened in the market, your question is that the market improved between Q1 and Q2 of the FY, but it is not reflecting in your average TCYs?

Himanshu Upadhayay: Yes.

G. Shivakumar: It is a fair question, it is because lot of ships are on the spot market and we were doing positioning voyages, so current rates are certainly higher than those rates, so it is just sort of an operational anomaly that it so happened that we were doing positioning, and therefore, having a lower rate in the last quarter.

Himanshu Upadhayay: In the product carriers side also, there is similar thing because we have the Hurricanes and all that stuff, so there was significant improvement or a huge spike in the charter rate in the quarter which went by, but our rates did not improve, or we were not able to see that much amount of improvement, is it because of gas carrier or it is purely because of this thing only?

G. Shivakumar: No, our gas carriers are running above this number.

Himanshu Upadhayay: The same as first quarter would it be?

G. Shivakumar: The gas carriers are not very significantly different, so on rates which are above this, the problem is that the product tankers' spike was very highly publicized, but it really it lasted just for a week. There was a lot of excitement at that time because we were thinking back to 2005 when we had Hurricane Katrina and rates went up to astronomical levels, but it did not last this time. The supply chain recovered very quickly, so really earnings have not been very significant and we do not really have any assets trading that side. Even if we had, there would not be much of an impact because we have seen our peers report their earnings and they have not got any major impact due to the Harvey-related spikes in earnings. Actually, though it made a lot of headlines, there was no real impact on the product tanker market.

Moderator: Thank you. We take the next question from the line of Ankur Shah from Quasar Capital. Please go ahead.

Ankur Shah: Sir, just a little out of context question, I just was going through your annual report and you know the paragraph mentioning about the trading of ships business, so are there any specific criteria which are set internally since it is a big part of the overall income in the last 10 years, are there any specific criteria which are set that this is the time we should go out there and buy or this is the right price to sell like how do you all conduct that business, can you throw some light on that?

G. Shivakumar: Yes, we do a lot of modelling in this, we look at a lot of historical data as to what constitutes good value, much like you probably do research into stocks, we do research into different aspects. We do research in different markets, how the commodity flows are happening. We try to do a bit of forecasting. We look at what is the value because we are fundamentally value players, so we do that, we look at what is underpriced, what is overpriced and we make our buying and selling calls based on that.We are following each of these sectors and forecasting how the trade flows might work and then making our market calls based on that, but predominantly we are a value player.

Ankur Shah: Just to understand more like is there a threshold I need to earn 18% to 20% of my capital invested over a period of time, I hold the ship, so let us say I bought the ship for Rs. 100 and I am holding it for five or so, do you all have a threshold in mind that this is a particular calculation or a model which I am putting into place that after three years if suppose the market plays out the way we are modeled, we have a threshold criteria so basically like what is the discounting rate sort of?

G. Shivakumar: We set a target that we should make at least 10% on an unlevered basis on our investments, when we look at our investments, let us say we look at a ship which is five years old and we say that the ship is valued at $20 million today and let me look at buying it. Then we see what is the scenario under which we can earn a 10% return on this investment within the next three to five years, then we model those numbers. We look at what those earning numbers and the values look like in the historical context and then we make a decision based on that. It is somewhat like you described, we do modeling of the numbers and we say under this scenario we think we can make it and this is the possible scenario, and therefore, we make that investment.

Moderator: Thank you. We take the next question from the line of Giriraj Daga from KM Vesaria Family Trust. Please go ahead.

Giriraj Daga: Just a follow up there, on the first dry bulk you said we had some positioning on contract that is why the spot market did not reflect in Quarter-2, but we are seeing in Quarter-3 or we still will have the rates of positioning going on?

G. Shivakumar: You should have this reflecting better in Quarter-3.

Giriraj Daga: My second follow-up question on the offshore side, what are the number of equipments are still on the let us say two to three years old rate, so jack-up rig we have four rigs, two you said were on the old rates, what are the other two?

G. Shivakumar: The other two are going to move into the new rate, one is going to move into the new rate by end of December or early January, the other one is still at the old rate but we will finish that in January and move into the new rate in March-April.

Giriraj Daga: We have a negative impact on one, from moving on high rates to low rates?

G. Shivakumar: We have negative impact on one moving from high rate to low rate, yes.

Giriraj Daga: How about the vessels?

G. Shivakumar: In vessel, we do not have any which are fixed in the high market.

Giriraj Daga: Okay, there is no negative supply likely from any of these?

G. Shivakumar: Marginal, very marginal. The big impacts come from the rigs.

Moderator: Thank you. We take the next question from the line of Chris Noronha, an Individual Investor. Please go ahead.

Chris Noronha: Sir, if you do not mind would you be kind enough to let me have some idea of the sensitivity in terms of the US dollar, if the rupee drops say 50 cents, how would that impact your top line?

G. Shivakumar: While the top line number is variable due to dollar revenues, a lot of the costs are also in dollars, so it will make an impact in the top line, in our interest cost, in our operating cost, in everything, so net-net I do not think it will be a big swing on revenue flows, so now let us look at what other impact it has. On just the revenue side item, it is not a huge impact because the revenues are not so high. Now on the balance sheet it will have a huge impact because the dollar balance in our books gets revalued, so you get a positive impact when the rupee depreciates and that is a $300 million cash so for every 50 paisa depreciation in the rupee, you will have a 15 crore positive impact. However, on the opposite side, we have 600 million plus of dollar borrowing which also gets re-valued and there the impact is minus 30 crores for every 50 paisa depreciation. Now, just to add further into this and make it more murky, there is also an interest rate swap which gets re-valued into the P&L every quarter and that is difficult to predict, and you will see that in the line which says derivative transaction, so we do not even try to predict that, it is what it is. Commercially, it makes sense for us to do that, but it has a big impact on our quarterly P&Ls, and you can see that in our results, there is a line which is derivative gains, and losses.

Chris Noronha: I saw that, that is the point of my question?

G. Shivakumar: There is another impact and that is mainly from the movement in interest rate. For instance, we entered into a swap let us say that today our 10-year US dollar interest rate swap is at 2.4% and we have entered into the swap side of 1.8%, so that is a positive MTM for us because that deal has improved, so that comes into the P&L account. It swings quite a lot in this and it is quite sensitive to these swings, so really top to bottom, we do not even try to do it because it is not something that we can control really.

Chris Noronha: My second question, obviously your CAPEX expenditure over the last couple of years has been pretty significant and I noticed that there is no orders on hand as of now, given the situation is there any thinking on alternative use of the funds other than purchase of vessels, one example would from my point of view you are thinking of returning any money to the shareholders?

G. Shivakumar: Actually, we do not have too much surplus cash about which we have to worry about alternate uses. We think we need significant amount of cash for our operations if the markets are bad, just to manage our risks. We have a lot of repayments coming up in the next three years, we have got $350 million just in Great Eastern Shipping standalone of repayment in the next three years. We are keeping that cash in reserve for our repayments. We will pay off some debt and then we will look at other ways in which we need to deal with the cash.

Moderator: Thank you. As we have no further questions, I would like to hand the floor back to Ms. Anjali Kumar for closing comments.

Anjali Kumar: Thank you everybody for joining in and as usual the transcripts will be uploaded on our website in a couple of days. Meanwhile, please feel free to contact us for any other clarifications or questions that you may have. Thank you very much.

Moderator: Thank you very much. Ladies and Gentlemen, on behalf of The Great Eastern Shipping Co. Ltd., that concludes this conference. Thank you for joining us and you may now disconnect your lines.